

CAPITAL DEVELOPMENT LEGACY INFORMATION

NORTHERN DESIGN CENTRE/CREATIVE BUSINESS CENTRE

1. INTRODUCTION

As part of the Agency's Regional Economic Strategy plans, a number of Areas for Action were identified including the need to drive business start-ups and growth (under the Business theme) and the delivery of a portfolio of high quality business accommodation (under the Place theme). In addition, a number of Innovation Connectors were established in order to focus investment in key areas of regional strength including the 'Design' and 'Creative' sectors.

For a number of years the Agency has attempted to promote the concept of a project focusing on the promotion and collaboration of the use of design within business. Initially under the guise of Knowledge Central and Knowledge Campus, attempts were made to bring forward proposals for a new build development. A Workspace Demand Study was commissioned from Adroit in early 2008 which provided robust justification for the proposed development and the proposed Baltic Business Quarter (BBQ) location, and a Design Review Report was commissioned through Aedas examining the initial proposed designs for the building (see documents in: [\[3a - Adroit DCN Workspace Demand Study\]](#); [\[3b - Aedas DCN Design Report \(Jul08\)\]](#); [\[3c - Design Centre - Employers Requirements\]](#)). Following this, a detailed Business Case was prepared seeking both Single Programme and ERDF funding with approval to the funding applications being secured by the end of September 2008.

Detailed design and specification work was then commissioned through the BBQ developer, Terrace Hill. This culminated in an initial construction tendering exercise being commenced by Terrace Hill in summer 2009. Because of the ERDF procurement requirements, a full OJEU compliant tendering exercise was commenced in early 2010. Unfortunately by the time this was completed in July 2010, the new Coalition Government had taken charge and cutbacks on RDA spending had been announced. It was therefore not possible to proceed with the project with ONE in the lead role.

Following discussions with Gateshead Council (who were already involved in the project through their proposed Creative Business Centre taking the other half of the two-wing building), an alternative mechanism was agreed during the summer of 2010 to deliver this project.

2. FUNDING & APPROVAL

Using the earlier research and the generic business case information, Gateshead Council (GC) working closely with John Topliss from the Capital Development team prepared and submitted a detailed business case for the proposed 5,000 m² Northern Design Centre/Creative Business Centre in August 2010. The business case set out a robust rationale for the proposed development and sought approximately £5m of funding from both SP and ERDF.

Following a Technical Appraisal in September 2010 a formal offer of funding was issued to GC on 23rd September 2010 with the following project costs and funding:

FUNDING SOURCE	AMOUNT
ERDF CAPITAL	£4,945,654
SINGLE PROGRAMME	£4,945,654

TOTAL £9,891,308

3. PHYSICAL DEVELOPMENT

Following the approval of funding, GC entered into a development Agreement with Terrace Hill for the construction of the new building to an agreed specification and price (see documents [\[3d - NDC Development Agreement - Gateshead-Terrace Hill \(121010\)\]](#); [\[3e - NDC Site plan\]](#) Back-to-back with this, Terrace Hill entered into a JCT Design and Build construction contract with Tolent Construction - Terrace Hill were able to utilise the OJEU procurement exercise that commenced at the start of 2010. [\[3g - Design Centre - Design & Build Contract\]](#)

Construction works started on site in November 2010 and are on course to complete in January 2012. The development has been project managed for Gateshead Council by John Topliss under an informal secondment from ONE. The Homes & Communities Agency (HCA) took over the monitoring role of the project in September 2011 following the transfer of assets and liabilities, and they now have responsibility for monitoring the project to ensure it complies with the Single Programme funding obligations – ERDF Secretariat will monitor the project separately for ERDF purposes.

The development works have progressed well and are on budget. The main structure is now largely complete with works concentrating now on internal fit-out - see the latest Progress Report in [\[3f - Tolent Progress Meeting No 13 \(Nov11\)\]](#)

4. SUCCESS

It is too early to judge the success of this development as it is still in the construction phase and is not due to open to occupiers until February 2012. However, the construction works are on budget and significant lettings progress has been made. GC is managing the building and future lettings and will be responsible for recording and reporting outputs in due course.
<http://www.gateshead.gov.uk/Business%20and%20Industry/NorthernDesignCentre/NorthernDesignCentre.aspx>

5. LESSONS LEARNT

The main lessons learnt from this project are:

- the need to establish a robust business case for the project early on including proof of demand for the type of facilities being provided, its location and the size of the centre;
- close working relationship and good communications with the project sponsor to ensure a timely flow of information, particularly during the development, appraisal and approval of the business case;
- good project management skills to ensure the building works are properly managed and costs controlled;
- robust operational plans to ensure that the building is sustainable in the long term.